

## Message Text

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DRAFTED BY: XMB: AMOHANIAN

APPROVED BY: EB/OCA/CM: JFSIMMONS

DAVID O BEIM, EXEC VICE PRES.

ARA/BR:TSHUGART

EB/IFD/ODF:FTHOMAS

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R 212211Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

UNCLAS STATE 199451

E.O. 11652: N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 4,180,000 TO LIGHT SERVICOS DE ELETRICIDADE S.A. (LSE), OF RIO DE JANEIRO, BRAZIL. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, AUGUST 26, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 4,180,000 SUPPORTS DOLS 10,450,000 SALE OF US POWER EQUIPMENT TO BRAZILIAN COMPANY

THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 4,180,000 TO FINANCE 40 PERCENT OF THE TOTAL US COSTS OF DOLS 10,450,000 FOR US EQUIPMENT AND RELATED SERVICES TO LIGHT SERVICOS DE ELETRICIDADE S.A. (LSE), OF RIO DE JANEIRO, BRAZIL. LSE IS ONE OF BRAZIL'S LARGEST PRIVATELY UNCLASSIFIED

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OWNED COMPANIES AND PROVIDES ELECTRIC POWER IN THE RIO DE JANEIRO,

SAO PAULO AND SANTOS AREAS OF BRAZIL.

THE COMPANY WILL PURCHASE EQUIPMENT TO EXPAND THE SUBSTATION AND DISTRIBUTION SYSTEMS OF THE SAO PAULO AND RIO DE JANEIRO AREAS. THE PURCHASE INCLUDES 2 SUPERVISORY COMPUTER CONTROL AND DATA ACQUISITION SYSTEMS, MICROWAVE COMMUNICATION EQUIPMENT, METALCLAD SWITCHGEAR, VOLTAGE REGULATORS, OIL CIRCUIT BREAKERS, AND OTHER ELECTRICAL DISTRIBUTION EQUIPMENT. US SUPPLIERS WILL INCLUDE GENERAL ELECTRIC COMPANY OF PHILADELPHIA, PENNSYLVANIA, HARRIS CORPORATION OF MELBOURNE, FLORIDA AND OTHER SUPPLIERS NOT YET FIRMLY DESIGNATED. DELIVERY AND INSTALLATION OF EQUIPMENT IS EXPECTED TO BE COMPLETED BY DECEMBER, 1977.

CHAIRMAN WILLIAM J. CASEY POINTED OUT THAT THIS EXIMBANK-SUPPORTED TRANSACTION WILL HAVE A FAVORABLE IMPACT ON US EMPLOYMENT SINCE IT IS EXPECTED THAT SOME EIGHT US SUPPLIERS WILL FURNISH THE EQUIPMENT. SIMILAR EQUIPMENT IS AVAILABLE IN EUROPE AND CANADA.

A CREDIT OF DOLS 5,225,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 50 PERCENT OF THE US COSTS, OF WHICH DOLS 2,090,000 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. LIGHT SERVICOS DE ELETRICIDADE WILL MAKE CASH PAYMENT OF DOLS 1,045,000 REPRESENTING A 10 PERCENT OF THE US COSTS.

EXIMBANK'S INTEREST RATE OF 8 PERCENT PER ANNUM, COMBINED WITH THE INTEREST RATE FROM PRIVATE SOURCES AT CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF BETWEEN 8 PERCENT AND 8.75 PERCENT PER ANNUM.

THE LOANS ARE TO BE REPAYED IN 14 SEMIANNUAL INSTALLMENTS BEGINNING MAY 15, 1978, WITH EXIMBANK'S LOAN TO BE REPAYED OUT OF A PORTION OF THE 8TH INSTALLMENT AND ALL OF INSTALLMENTS 9 THROUGH 14. UNQUOTE MAW

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**Status:** NATIVE  
**Subject:** PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT  
**TAGS:** APUB, BR  
**To:** BRASILIA  
**Type:** TE  
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